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STATE FOR ISN/RA (R.NEPHEW), IO/T (H.VONBEHREN), T, P, INR,
EUR/AGS (Y.SAINT-ANDRE), AND NEA/IR (S.GROEN)

E.O. 12958: DECL: 09/27/2017

TAGS: [ETTC](#) [KNNP](#) [IAEA](#) [PARM](#) [UN](#) [IR](#) [SZ](#)

SUBJECT: SWISS PLAN TO NOTIFY UN IRAN SANCTIONS COMMITTEE
OF DUAL-USE EXPORT

REF: A. BUCK-NEPHEW E-MAILS (26/27SEP07)
[¶](#)B. BERN 913

Classified By: CDA Leigh G. Carter; reasons 1.4(b) and (d).

[¶](#)1. (C) Summary: Swiss Department for Economic Affairs (SECO) State Secretary Gerber reported that Switzerland plans to notify the UN Iran Sanctions Committee of a dual-use export (grinding machine) to the Mapna Turbine Engineering and Manufacturing Company (aka "Tuga") (ref A). SECO Export Controls and Sanctions Division Chief Wyss said that the export involved is a "grinding machine" that is captured by the Nuclear Suppliers Group (NSG) Part II (dual-use) list and, therefore, according to UNSCR 1737, the export needs to be notified to the UN Iran Sanctions Committee. Wyss said that SECO has "no legal basis to deny the export." In presenting the case of the grinding machine, Gerber went to some length to argue that Switzerland strictly controls exports to Iran. He said that the GOS is notifying the UN Iran Sanctions Committee of this export, as required by UNSCR 1737, and asserted that the GOS is "fulfilling 100%" of its obligations under UNSCRs 1737/1747. This and another case (reftel B) appear to indicate, however, that the approach taken by Switzerland involves a relatively narrow reading of export control and UNSCR texts. Swiss officials claim that Swiss law and policy ("neutrality") leave them no other options. Post will continue to urge Swiss officials to take the broadest possible approach to restricting the export of dual-use items to Iran, and would welcome Washington guidance on how best to tailor that message. End summary.

[¶](#)2. (U) StS Gerber was accompanied in the meeting by SECO Assistant Secretary Monika Ruehl and SECO Export Controls and Sanctions Division Chief Othmar Wyss. Emboffs accompanied the Ambassador.

SECO Claims "No Legal Basis to Deny the Export"

[¶](#)3. (C) Swiss Department for Economic Affairs (SECO) State Secretary Gerber used a previously scheduled September 26

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meeting on another topic with the Ambassador to inform us that Switzerland plans to notify the UN Iran Sanctions Committee of a dual-use export (grinding machine) to the Mapna Turbine Engineering and Manufacturing Company (aka "Tuga") (ref A). Gerber said that he expected that the notification would occur at the latest by October 1. He

emphasized that he was informing us in advance of the notification in the interest of transparency, and added that he thought that this would be the first such notification by any country to the UN Iran Sanctions Committee.

¶4. (C) SECO Export Controls and Sanctions Division Chief Wyss said that the export involved is a "grinding machine" that is to be used in the manufacture of electrical equipment unrelated to the nuclear sector. He stated that the grinding machine is captured by the Nuclear Suppliers Group (NSG) Part II (dual-use) list and, therefore, according to Article 5(c) of UNSCR 1737, the export of the machine to an entity in Iran needs to be notified to the UN Iran Sanctions Committee. Wyss said that SECO has no reason to believe that the grinding machine will be used in the nuclear sector in Iran, and therefore has "no legal basis to deny the export." He said that a license to export the grinding machine to Tuga was approved by SECO six months before UNSCR 1737 came into force, and the machine itself had been exported to Tuga in Iran within the past week. Wyss said that the GOS is not able to provide the name of the Swiss exporting firm, due to commercial privacy restrictions. He commented that the export license for the grinding machine includes an end-user statement that provides for end-use checks. (Note: SECO officials subsequently indicated to polooff that they expect to do an end-use check on the grinding machine after it is reported installed at Tuga. They claimed that Tuga is an established gas turbine manufacturer that has technical/commercial cooperation with companies in other European countries. End note)

SECO Pitches Swiss Export Denial Record on Iran

¶5. (C) Gerber said that Switzerland has always taken great care to ensure that Switzerland is not used to circumvent high-tech export controls or sanctions. He added, however, that Switzerland could not enforce U.S. or EU export restrictions that go further than UN sanctions, since "that would go beyond (Switzerland's) neutrality policy."

¶6. (C) In presenting the case of the grinding machine, Gerber went to some length to argue that Switzerland strictly controls exports to Iran. He said that the GOS is notifying the UN Iran Sanctions Committee of this export, as required by UNSCR 1737, and asserted that the GOS is "fulfilling 100%" of its obligations under UNSCRs 1737. Noting that Switzerland apparently will be the first to make such a notification, he wondered aloud whether some other states perhaps are not meeting their obligation to notify the committee of dual-use exports to Iran. In that context, he provided a chart that he said indicates that Switzerland has the third highest number of export regime denial notifications on Iran, implying that the GOS is stricter than some other governments in controlling such exports. According to the chart, Switzerland had a total 67 export denial notifications (NSG, MTCR, AG) as of September 24, placing it behind Germany (179 denial notifications) and the UK (113). (Comment: It is difficult to assess how meaningful this data is, absent adjustment for relative trade volumes, but SECO officials argue it is a telling statistic. End Comment)

Comment/Guidance Request

¶7. (C) Swiss officials assert that Switzerland strictly enforces export controls on Iran, according to the requirements of the multilateral export control regimes and UNSCRs 1737/1747. This and another case (reftel B) appear to indicate, however, that the approach taken by Switzerland involves a relatively narrow reading of export control and UNSCR texts. Swiss officials claim that Swiss law and policy ("neutrality") leave them no other options. SECO contacts emphasize the value they place on close bilateral export

control cooperation and information sharing with the USG. Post will continue to urge Swiss officials to take the broadest possible approach to restricting the export of dual-use items to Iran, and would welcome Washington guidance on how best to tailor that message.

CARTER